



General Assembly

January Session, 2003

**Committee Bill No. 6029**

LCO No. 3175

Referred to Committee on Energy and Technology

Introduced by:  
(ET)

***AN ACT CONCERNING WATER COMPANY CHOICE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (*Effective from passage*) (a) Not later than July 1, 2003, the  
2       Department of Public Utility Control shall conduct a contested case  
3       proceeding, pursuant to chapter 54 of the general statutes, to  
4       determine a fair purchase price for any assets of the Eastern  
5       Connecticut Regional Water Company, Incorporated, used to provide  
6       water service to and located in the town of East Hampton. The  
7       department shall calculate a separate fair purchase price for those  
8       portions of said company in each of said municipalities. The purchase  
9       price shall be calculated as the sum of the following: (1) The current  
10      net book value of the assets to be sold multiplied by the purchase price  
11      paid by the owner of the company, as approved by the Department of  
12      Public Utility Control in Docket No. 98-12-20, divided by the net book  
13      value of Eastern Connecticut Regional Water Company, Incorporated,  
14      as of June 2, 1999; and (2) a rate of return equal to the sum of the  
15      average prime lending rate multiplied by the portion of the purchase  
16      price premium associated with the assets to be sold. For purposes of  
17      this section, (A) current net book value includes planning and

18 engineering costs associated with an expansion of water service in said  
19 municipality, which costs would have been eligible for inclusion in the  
20 rates of said company on or after the date of any sale pursuant to this  
21 section; and (B) the portion of the purchase price premium associated  
22 with any asset which shall be sold pursuant to this section shall be  
23 calculated by taking the net book value of the assets to be sold, as of  
24 June 2, 1999, divided by the net book value for the entire company as  
25 of June 2, 1999, multiplied by the purchase price premium recorded on  
26 the books of Eastern Connecticut Regional Water Company,  
27 Incorporated, pursuant to Docket No. 98-12-20.

28 (b) Not later than ninety days from the date of determination of the  
29 department pursuant to subsection (a) of this section, such  
30 municipality shall inform the department of whether such  
31 municipality intends to purchase the system at the fair purchase price  
32 determined by the department pursuant to subsection (a) of this  
33 section. The department shall inform the company of the  
34 municipality's intent to purchase the system and such company shall  
35 file with the department an application, pursuant to section 16-43 of  
36 the general statutes, to sell such portion to the municipality at the fair  
37 purchase price determined by the department pursuant to subsection  
38 (a) of this section. If such municipality elects not to purchase that  
39 portion of the company providing service in such municipality, any  
40 contiguous municipality may, not later than thirty days from the date  
41 of the refusal of the municipality in which such company provides  
42 service, inform the department of its intent to purchase the portion of  
43 said company. The department shall inform the company of the  
44 contiguous municipality's intent to purchase the system and such  
45 company shall file with the department an application, pursuant to  
46 section 16-43 of the general statutes, to sell such portion to the  
47 contiguous municipality at the fair purchase price determined by the  
48 department pursuant to subsection (a) of this section. Any application  
49 filed pursuant to this subsection shall be deemed to be in the public  
50 interest and the provisions of section 16-22 of the general statutes shall  
51 not apply to any application filed by a water company pursuant to this

52 subsection. Notwithstanding section 7-234 of the general statutes, any  
53 sale resulting from the approval of an application filed pursuant to this  
54 subsection shall be deemed to comply with section 7-234 of the general  
55 statutes and the respective franchise jurisdictions are hereby amended  
56 in accordance with section 7-234 of the general statutes.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

***Statement of Purpose:***

To allow the town of East Hampton to purchase certain assets of the Eastern Regional Water Company in order to become the exclusive water service provider of the town of East Hampton.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. HAMM, 34th Dist.; SEN. DAILY, 33rd Dist.